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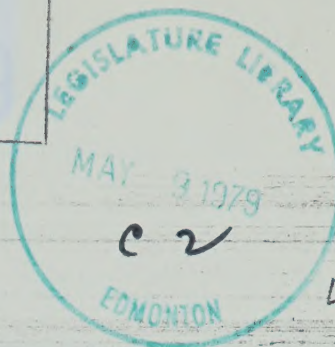
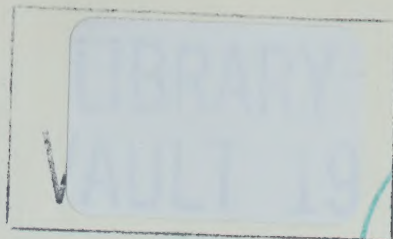
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INTERIM REPORT

ALBERTA HEALTH CARE INSURANCE COMMISSION

JULY 1st, 1969 TO DECEMBER 31st, 1969

INTERIM REPORT

ALBERTA HEALTH CARE INSURANCE COMMISSION

FOR THE PERIOD

JULY 1ST, 1969 TO DECEMBER 31ST, 1969

The Alberta Health Care Insurance Act and
The Health Insurance Premiums Act were
assented to May 7th, 1969.

The Alberta Health Care Insurance Commission
was established on May 14th, 1969.

The Alberta Health Care Insurance Plan
commenced operation on July 1st, 1969.

FEBRUARY 1970

I N T R O D U C T I O N

This interim report should not be considered as a complete record of the operation of the Alberta Health Care Insurance Plan, as the Plan has been in operation for only six months and much statistical detail and financial information is not yet available. Furthermore, the Plan is still developing and the perfection of systems and routines which had to be so hurriedly established is continuing.

The Commission felt it was necessary to give in this report some of the historical detail leading to the advent of the Plan in addition to describing the early stages of operation.

ESTABLISHMENT OF THE PLAN

Officials of the government agencies involved in the planning had grave misgivings at the possibility of starting the Alberta Health Care Insurance Plan on such short notice. The need for sufficient time to plan and organize was so important that the government was asked to delay commencement of the Plan for six months and were advised that without more time the operation of the Plan might well be chaotic. The government judged that it was most important that the province should not lose the federal contribution towards Medicare and, therefore, made the decision to go ahead effective July 1, 1969. Before the formation of the Commission, it was necessary for certain advance planning to be carried out by officials of the Alberta Health Plan.

The task faced by the Commission was of colossal proportions in view of the very short time available and with so much to be done. Despite many problems still existing, after six months of operation the Commission can take pride in what has been accomplished. This progress would not have been possible without the co-operation and assistance of the staff of the Provincial Data Centre and the unstinting effort, long hours and co-operation of the Commission's own staff.

To meet the objectives of the Acts which provide for the entitlement of benefits to all residents of Alberta and at the same time be able to bill all residents for premiums, it was necessary to

Director of the government agency involved in the planning had grave misgivings as to the possibility of starting the scheme. He had some insurance that in such a case, the need for sufficient stock to begin and organize was so important that the government was asked to delay commencement of the plan for six months and were advised that without more time the operation of the plan might well be chaotic. The government judged that it was more important that the province should not lose the leadership contribution towards regional and, therefore, made the decision to go ahead effective July 1, 1969. Before the formation of the Commission, it was not clear whether the Commission was to be established by statute or by order in council.

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Statement of the staff of the Commission, July 1969, and the Commission's report, July 1969, and a summary of the Commission's work during the year.

To meet the objectives of the plan which was the first step in the development of the province of Alberta and to the year 1970.

carry out an immediate registration of the whole Province.

Several methods of the census and electoral roll type of registration were considered, but the only course considered to be open to the Commission bearing in mind the time available, was that of a registration of persons covered by the pre-payment plan operated by Medical Services (Alberta) Incorporated, and those covered by Alberta Health Plan. This accounted for approximately two-thirds of the population of the Province and left upwards of 500,000 persons to be registered by some voluntary method. This was achieved by making available a registration form for completion by residents, available at chartered banks, treasury branches, government offices, medical and other practitioners' offices, etc. Results of the registration have indicated that this method, whilst not without certain complications in the shape of duplicate registration, proved to be effective and a correct decision for the time at hand, as it provided an immediate identity number for the residents to use from the start of the Plan. Any normal system which provided means of identity only following receipt of an application would not have been suitable as it would have caused impossible bottlenecks at the commencement, and consequent delay in benefits for residents.

It was recognized that a prime responsibility of the Commission was to ensure that payment to practitioners and residents alike should not be unduly delayed. Therefore, an early decision was made to give priority to the payment of claims for benefits rather than the collection of premiums from residents. Experience has shown that this decision was correct.

Staffing was a major problem to the Commission. The immediate staff need was partially met by the employment of Alberta Health Plan and M.S.(A.)I. staffs.

All M.S.(A.)I. employees were offered employment in the government service at comparable salary and with generous provision for pension and other fringe benefits. Past employment with M.S.(A.)I. was recognized for government pension benefits. Not all M.S.(A.)I. employees decided to enter government service and many who did were not available for a considerable period of time as they were needed for the completion of M.S.(A.)I. business. These factors, in addition to the need for a larger staff complement than the combined staffs of Alberta Health Plan and M.S.(A.)I., meant that the Plan had to start operation understaffed. Delay in getting additional staff and the period of time needed to train new staff increased the difficulties of implementation of the Plan.

The amalgamation of Alberta Health Plan and M.S.(A.)I. staffs provided its own difficulties due to the differences in the type of operation to which each group had been accustomed. The staff complement under the Plan at 31st December 1969, was 411. In addition a number of temporary personnel have been and are still employed. It has been necessary for the staff throughout to work many hours of overtime.

The need to obtain space in a short time led to the decision to take over the leased premises occupied by M.S.(A.)I. in addition

to the Alberta Health Plan premises, thus adding a further complication, that of operating out of two locations. This, of course, was dictated by the lack of a suitable government building available to house such a large organization.

The office space at Groat Road and Phillips Building was inadequate and hasty moves of staff and stock supplies had to be made. Some small renovations to the building were made during the early weeks of operation, but major renovations which were urgently needed were not started until the last days of December 1969, and are still underway at the present time, and will interrupt the normal flow of business for approximately three months.

The drastic change in benefits from Alberta Health Plan to Alberta Health Care Insurance Plan, the removal of optional benefits, the change in premium rates and qualification for subsidized premiums, made a major dissemination of information to all residents necessary.

Although every effort was made through the press, radio, T.V., and information pamphlets, to ensure that all Albertans were aware of the changes being made and the procedure to follow in registration, time did not allow for this to be done thoroughly.

Consequently, many people were confused, resulting in duplicate registrations, volumes of correspondence and telephone enquiries, misunderstanding about billings and optional benefits. The

Commission deplored this situation, which hindered unnecessarily the proper function of the Plan, but one which had to be borne as one of the many growing pains of the Plan.

A number of transactions and arrangements with various federal and provincial departments for the payment of salaried doctors providing insured services, had to be delayed for many months.

This was not as serious as at first thought as other provinces, with much longer planning time, had not completed such negotiations for as long as one year after the start of their plans. Even so, these are matters which both parties are anxious to have concluded and undue delays cause frustrations on both sides. The Commission has done all it can in the time available to go ahead with these matters and in some instances has made short-term agreements rather than postpone a decision until more facts were available.

The Commission has endeavoured to create and maintain good relationships with the various professional associations and has encouraged discussion of mutual problems. From these discussions, the Commission has been gratified by the spirit of co-operation shown by the associations. They have been helpful in many ways in clarifying to their members the aims and policies of the Plan. With a continuation of this attitude, a respect and understanding of the problems to be faced by each other, the objectives of all concerned can be achieved.

DESCRIPTION OF THE PLAN

BENEFITS

The benefits provided under the Plan known as Basic Health

Services are as follows:-

1. All medical services provided by General Practitioners and Specialists which are medically necessary.
2. Oral Surgery by dental surgeons for injury to or disease of the jaw restricted to certain specified procedures in accordance with the regulations.
3. Optometric services limited to the refraction of the eyes for the fitting of eye glasses once in every two benefit periods for adults and once in each benefit period for children under 18 years of age. The Plan provides payment of \$10.00 for each refraction but does not pay for the fitting or cost of glasses.
4. Podiatric services and appliances in accordance with an agreed schedule of fees.
5. Osteopathic services at \$4.00 for each visit.
Podiatric & Osteopathic benefits combined are limited to \$100.00 per benefit period for any resident and his dependants.
6. Chiropractic services at \$5.00 for each visit and an amount not exceeding \$10.00 for X-rays for a particular disability.

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Chiropractic benefits are limited to a total of \$100.00 per benefit period for any resident and his dependants.

PREMIUMS

Single residents are required to pay a premium of \$60.00 per benefit period. Residents with one or more dependants are required to pay a premium of \$120.00 per benefit period.

SUBSIDIES

A resident who is registered under the Plan may apply for a premium subsidy equal to one-half of the premium payable by him if his taxable income (or the combined taxable income of himself and his spouse) for the preceding year was not more than \$500.00.

PAYMENT FOR PHYSICIANS SERVICES

Before the start of the Plan the Provincial Government decided to pay for medical services at 100% of the Suggested Schedule of Fees of the College of Physicians and Surgeons in effect at that time. Therefore, the medical profession continued to receive the same amount for their services from July 1, 1969, as they had been receiving from M.S.(A.)I. before this date and an increase on the payment made by the Alberta Health Plan. This rate of payment was the highest percentage of a provincial College of Physicians and Surgeons suggested fee schedule paid by any province participating in federal medicare.

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At the same time, physicians were not required to opt in or opt out of the Plan as was common in some other provinces.. Physicians also had the privilege of charging patients an additional amount for their services providing they made an arrangement with the patient before the service was provided.

FINANCING OF THE PLAN

The Plan is financed by means of premiums from residents, federal cost sharing and subsidies from the Provincial Government.

FEDERAL COST SHARING

The Plan has received approval for sharing under the federal Medical Care Act. Estimated insured costs were submitted June 30, 1969. This estimate was accepted and regular monthly advance payments have been received totalling \$14,246,700.00 to December 31, 1969. A holdback of 10% of the estimate is made by the Federal Government and paid on receipt of a final audited report from the Commission.

The Federal Government does not share in the cost of optometric, podiatric, osteopathic and chiropractic services. Administrative costs are also not shared.

OPERATION OF THE PLAN

Four Divisions were created to administer the Plan, these are Registration & Enrolment, Claims & Assessment, Systems &

Research and Finance & Accounting.

REGISTRATION & ENROLMENT DIVISION

This Division had to bear the brunt of the initial heavy workload of the Plan and this meant that backlogs of work were created, particularly in Group Registration, which have hindered and continue to hinder normal functions. This initial heavy workload has meant delays in keeping pace with registration transactions and updating which occurred as soon as the Plan started and it is only after six months operation that a more current position is being attained.

Many problems were created by those who had never had coverage or had previously had coverage of a different kind. These included Social Assistance recipients, persons under Federal programs, the aged and residents in remote rural areas.

Further complications arose due to many people registering twice, as individuals and with groups. Much time has had to be spent in resolving correct registrations.

This Division is also responsible for information services from Edmonton and Calgary. Due to accommodation difficulties, the Calgary office could not be firmly established until November, but is now functioning in permanent offices in the Bowlen Building. Because of the radical change in the provision of health benefits, the information sections have been working at

peak capacity most of the time. The table at Appendix A provides available registration figures as at December 31, 1969.

CLAIMS & ASSESSMENT DIVISION

At the inception of the Plan this Division had the dual responsibility of completing Alberta Health Plan submissions and the commencement of staff training in preparation for Alberta Health Care Insurance Commission claims. Arrears of work were accumulated due to lack of sufficient trained staff to deal with the large volume of claims encountered soon after July 1st.

Despite such arrears, a first payment run was made in the last week of July and the success the Plan has to date enjoyed has been in no small part due to the fact that payment runs have continued to be made on a weekly basis. To December 31st, twenty-two payment runs have been made, totalling \$26,758,502.53 and greater detail is given in the table at Appendix B.

SYSTEMS & RESEARCH DIVISION

The Systems & Research Division is comprised of four sections:- Systems, Microfilm, Unit Record Control and Statistics.

The Systems Section is responsible for internal Systems design and co-ordinating the computer processing systems between the Provincial Government Data Processing Centre and the other Divisions of the Alberta Health Care Insurance Commission.

Microfilm, because of its space-saving, instant retrieval and reduction in paper handling qualities was chosen as the filing medium. The Commission is also employing the concept of "computer onto microfilm" to display the complete computer registration file using 1/50 the space of paper printout.

The Unit Record Control Section carries out a control function in the flow of documents to and from the Data Processing Centre.

The Statistical Section although not yet established will be responsible for the compilation of data and preparation of all statistical reports required.

FINANCE & ACCOUNTING DIVISION

Premium collection, accounting and office services are the responsibility of this division.

Cash collections on account of premium to December 31, 1969 were as follows:-

Individual	\$ 9,577,260.40
Group	9,886,913.90
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TOTAL	\$19,464,174.30
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Premium receipts are held in a trust account from which all claims for services are paid. Administrative expenses to December 31, 1969 are being paid from appropriation 2432 and will be reimbursed

from the premium trust account when a final accounting is made at the end of the fiscal year.

The Office Services Section is responsible for the provision and purchase of all furnishings, operating equipment, business forms and supplies. The immediate requirement for additional office furniture was partly met through the bulk purchase of M.S.(A.)I. furnishing and equipment. A large burden was placed on this section in fulfilling immediate needs, as delays in getting new equipment, new forms designed and printed, new office procedures operational were inevitable.

REGISTRATIONS AND LIVES AT DECEMBER 31, 1969

NEW SUBSIDIZED	ONE PERSON		TWO PERSONS		THREE OR MORE PERSONS		TOTAL	
	REGISTRATIONS	LIVES	REGISTRATIONS	LIVES	REGISTRATIONS	LIVES	REGISTRATIONS	LIVES
INDIVIDUAL	85,455	85,455						
GROUP	69,439	69,439	39,910	79,820	83,448	379,564	208,813	544,839
TOTAL	154,894	154,894	49,408	90,816	129,888	503,323	248,735	751,578
SUBSIDIZED			89,318	178,636	213,236	962,887	457,548	1,296,417
INDIVIDUAL	35,295	35,295						
GROUP	944	944	18,162	36,324	24,360	120,497	77,817	192,116
TOTAL	36,239	36,239	656	1,316	728	3,819	2,330	6,079
DEPT. OF SOCIAL DEVELOPMENT ASSISTANCE RECIPIENTS	33,494	33,494	18,820	37,640	25,008	124,316	80,147	198,203
TOTAL			6,197	12,394	8,796	41,527	48,487	87,415
INDIVIDUAL	120,750	120,750						
GROUP	70,393	70,393	58,072	116,144	107,808	500,061	286,630	736,955
SOCIAL ASSISTANCE RECIPIENTS	33,494	33,494	50,066	100,132	130,616	587,142	251,065	757,657
TOTAL	224,627	224,627	6,197	12,394	8,796	41,527	48,487	87,415
			114,335	228,670	247,220	1,128,730	586,182	1,582,027

NOTE: REGISTRATIONS AND LIVES AT DECEMBER 31, 1969 ARE OVERSTATED BY AN ESTIMATED 15,000 REGISTRATIONS REPRESENTING APPROXIMATELY 45,000 LIVES DUE TO DUPLICATE REGISTRATIONS WHICH RESULTED FROM THE CONCENTRATED REGISTRATION PROGRAM AT THE COMMENCEMENT OF THE PLAN. THE LIVES COVERED SHOULD THEREFORE BE REDUCED TO 1,537,000 WHICH REPRESENTS 90% OF THE ESTIMATED POPULATION OF ALBERTA.

APPENDIX B

ITEMS AND AMOUNTS CLAIMED AND PAID

FOR THE PERIOD JULY 1, 1970 TO DEC. 31, 1970

DISCIPLINE	TOTAL				PAY TO PROVIDERS OF SERVICE			PAY TO REGISTRANT		
	SERVICES	AMOUNTS		% OF TOTAL PAYMENT	SERVICES	AMOUNTS		SERVICES	AMOUNTS	
		CLAIMED	PAID			CLAIMED	PAID		CLAIMED	PAID
MEDICAL	3,129,799	\$25,213,118.	\$24,728,997.	92.42	3,071,255	\$24,628,704.	\$24,191,088.	58,544	\$584,414.	\$537,909.
DENTAL	460	18,592.	18,078.	.07	330	13,072.	13,718.	130	4,720.	4,360.
OPTOMETRIC	61,367	623,396.	613,638.	2.29	58,995	599,319.	589,929	2,372	24,077.	23,709.
CHIROPRACTIC	241,215	1,276,886.	1,274,042.	4.76	227,635	1,206,297.	1,204,727.	13,580	70,589.	69,315.
PODIATRY	13,560	114,832.	114,559.	.43	13,474	114,235.	114,004.	86	597.	555.
OSTEOPATHY	2,301	9,796.	9,188.	.03	2,250	9,050.	9,000.	51	746.	188.
TOTAL	3,448,702	\$27,256,620.	\$26,758,502.	100.	3,373,939	\$26,571,477.	\$26,122,466.	74,763	\$685,143.	\$636,036.

NOTE: PAYMENTS MADE DIRECTLY TO REGISTRANTS WERE 2.38% OF TOTAL CLAIMS PAID.



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